

## Message Text

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PAGE 01 NEW DE 03668 301506 Z

43

ACTION NEA-12

INFO OCT-01 ADP-00 SS-14 NSC-10 CIAE-00 DODE-00 INR-10

NSAE-00 PA-03 RSC-01 USIA-12 PRS-01 EB-11 COME-00

LAB-06 SIL-01 RSR-01 /083 W  
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R 301350 Z MAR 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3475

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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E. O. 11652: N/ A

TAGS: ELAB, PINR, IN

SUBJ: COURTESY CALL ON LABOR MINISTER K V RAGHUNATHA REDDY

SUMMARY. DURING COURTESY CALL NEWLY APPOINTED LABOR MINISTER INFORMED LABOR COUNSELOR, LONG- AWAITED INDUSTRIAL REFORM LEGISLATION NOW INDEFINITELY POSTPONED, AND THAT HE IS THINKING IN TERMS OF SOME RESTRICTIONS ON RIGHT TO STRIKE WHERE NEGOTIATION OR VOLUNTARY ARBITRATION FAILS. WHILE MINISTER ACTIVELY CULTIVATING GOOD PERSONAL RELATIONS WITH NON- COMMUNIST UNIONS, THEY REMAIN SUSPICIOUS OF HIM BECAUSE OF HIS PRO- CPI ORIENTATION. ACTION REQUESTED: NONE.  
END SUMMARY

1. DURING COURTESY CALL ON RECENTLY APPOINTED MINISTER OF STATE FOR LABOR AND REHABILITATION K V RAGHUNATHA REDDY, LABOR COUNSELOR LEARNED DURING WHAT WAS OTHERWISE A GENERAL CONVERSATION THAT:

A) INTRODUCTION OF LEGISLATION TO REFORM OUTDATED INDUSTRIAL DISPUTES SYSTEM( TWO YEARS IN ACTIVE DEVELOPMENT AND FOUR YEARS IN THE THINKING) HAS BEEN POSTPONED AGAIN, THIS TIME INDEFINITELY. THE PREVIOUS MINISTER ( R K KHADILKAR)  
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PAGE 02 NEW DE 03668 301506 Z

HAD PROMISED INTRODUCTION OF SUCH LEGISLATION DURING THE CURRENT SESSION ( WHICH BEGAN MID- FEBRUARY).

B) WITH THE WAVE OF STRIKES AND INDUSTRIAL UNREST CONTINUING, RAGHUNATHA REDDY SAYS HE IS THINKING IN TERMS OF SOME RESTRICTIONS ON THE RIGHT TO STRIKE USING STATUTORY ADJUDICATING MACHINERY IF THE PARTIES INVOLVED FAIL TO SETTLE DISPUTES THROUGH BILATERAL NEGOTIATIONS OR VOLUNTARY ARBITRATION.

C) HE WOULD CONTINUE TO TRY TO " PERSUADE" THE THREE MAJOR TRADE UNION CENTERS ( THE CONGRESS- ALIGNED INTUC, THE NON- PARTISAN HMS, AND THE CPI- CONTROLLED AITUC) TO WORK MORE CLOSELY BUT HE WOULD NOT ATTEMPT TO " PUSH THEM TOGETHER" INTO A PRECONCEIVED MOLD OF HIS OWN.

2. COMMENT: RAGHUNATHA REDDY, 48, BECAME MINISTER OF LABOR IN THE FEBRUARY 5 MINISTERIAL SHUFFLE REPORTEDLY HAVING BEEN FORCED OUT OF THE COMPANY AFFAIRS PORTFOLIO. HE COMES FROM COASTAL ANDHRA PRADESH, IS A LAWYER, AND READILY STATES HE HAS NO INDUSTRIAL RELATIONS EXPERIENCE OR TRAINING. HE VOLUNTEERS THAT HIS PRESENT POSITION IS THE MOST DIFFICULT AND THANKLESS ONE HE HAS EVER HELD. REDDY WHO PUBLICLY DECLARES HIMSELF TO BE A " SCIENTIFIC SOCIALIST", IS COMMONLY LABELED BY TRADE UNIONISTS AS AN " EX- CPI CARD HOLDER" ALTHOUGH WE HAVE NO HARD EVIDENCE THAT HE WAS FORMALLY A MEMBER. ALTHOUGH HE STATES HE HAS NEVER BEEN TO THE UNITED STATES ( HIS FOREIGN TRAVEL HAS BEEN ENTIRELY TO EASTERN EUROPE) HE VOLUNTEERED CONSIDERABLE INTEREST IN DISPUTES SETTLEMENT MACHINERY IN THE UNITED STATES AND REQUESTED LITERATURE ON IT ( WHICH THE EMBASSY AND USIS ARE PROVIDING HIM). HE ALSO EXPRESSED A DESIRE TO HAVE FURTHER DISCUSSIONS ON INDUSTRIAL RELATIONS PROBLEMS.

3. AT THIS POINT RAGHUNATHA REDDY, A PLEASANT AND AMIABLE PERSONALITY, IF NOT NOTABLY STRAIGHTFORWARD, APPEARS TO BE HANDLING HIS MINISTRY CAUTIOUSLY. NON- COMMUNIST TRADE UNIONISTS FROM HIS OWN AREA ( HYDERABAD) WHO ARE HIS PERSONAL FRIENDS SEEM TO REGARD HIM AS A " NICE MAN", WELL ORGANIZED AND " REASONABLE" COMPARED TO HIS UNPREDICTABLE PREDECESSOR R K KHADILKAR. BUT THEY DISTRUST HIM FOR HIS PRO- CPI ORIENTATION. THEY SEE HIM AS SOMEWHAT INDECISIVE AND TIMID, TO WHICH, THEY SAY THE LITTLE SUPPORT LIMITED OFFICIAL USE

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PAGE 03 NEW DE 03668 301506 Z

HE HAS IN HIS OWN STATE CONGRESS( R) AND HIS COMPLETE

DEPENDENCE FOR HIS JOB ON MR GANDHI CONTRIBUTE.

4. THUS FAR, APPARENTLY FEARFUL OF MAKING ENEMIES, HE HAS  
( UNLIKE HIS PREDECESSOR R K KHADILKAR) ACTIVELY COURTED  
THE CONGRESS- ALIGNED INTUC, SOMETHING WHICH INTUC LEADERS  
VIEW WITH PLEASURE AND SUSPICION. AT THIS POINT, THEY ARE  
WITHHOLDING JUDGMENT WATING TO SEE WHERE HE COMES OUT WHEN  
HE IS TESTED ON ISSUES THAT DIVIDE THE CONGRESS- ALIGNED  
INTUC AND THE CPI- CONTROLLED AITUC.  
MOYNIHAN

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